

RECEIVED

DEC 02 2009

PSC SC
DOCKETING DEPT.

VIA OVERNIGHT DELIVERY

Charles Terreni
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

November 30, 2009

Posted: led 97-207-C 220662
Dept: SA-10RS 2001-113-C 220663
Date: 12/8/09 97-300-C 220664
Time: 10:15 98-404-C 220665

SC PUBLIC SERVICE
COMMISSION

2009 DEC -2 AM 10:18

RECEIVED

Re: McLeodUSA Telecommunications Services, Inc. and US LEC of South Carolina
Inc. Notification of Change in Corporate Form, Name Change, and *Pro Forma*
Reorganization

Dear Mr. Terreni:

On behalf of McLeodUSA Telecommunications Services, Inc. ("McLeodUSA") and US LEC of South Carolina Inc. ("US LEC") (together, the "Parties"), this letter is to notify the Public Service Commission of South Carolina (the "Commission") of a change in corporate form for the companies, name change, and *pro forma* reorganization. This letter is submitted for informational purposes to be included in the appropriate Commission files. As further detailed below, the Parties intend to change their corporate forms by converting to limited liability companies. After the conversion, McLeodUSA will operate under the name McLeodUSA Telecommunications Services, LLC, and US LEC will operate under the name US LEC of South Carolina LLC. Furthermore, the Parties will participate in a *pro forma* intracorporate reorganization. The reorganization will not change the ultimate ownership or control of the Parties' operations, or their corporate directors, officers, or managers, or their service offerings and pricing – other than those done in the normal course of business. In all respects, the change in corporate form and *pro forma* reorganization will be transparent to the public.

By way of background, McLeodUSA and US LEC are wholly-owned indirect subsidiaries of PAETEC Holding Corp ("PAETEC Holding"). PAETEC Holding is a publicly traded Delaware corporation (NASDAQ GS: PAET) headquartered in Fairport, New York. In South Carolina, McLeodUSA is authorized to provide resold and facilities-based local exchange and facilities-based intrastate interexchange telecommunications pursuant to certification granted by the Commission in Order No. 2001-648, issued in Docket No. 2001-133-C, and resold intrastate interexchange services pursuant to certification granted in Order No. 97-944, issued in

Charles Terreni
November 30, 2009
Page 2

Docket No. 97-207-C. US LEC is authorized in South Carolina to provide resold and facilities-based intrastate interexchange services and resold and facilities-based local exchange and exchange access services pursuant to certification granted by Order No. 97-957, issued in Docket No. 97-300-C. The companies intend to undertake a change in corporate form whereby the Parties will each convert from an incorporated company to a limited liability company. McLeodUSA will operate under the name McLeodUSA Telecommunications Services, LLC, d/b/a PAETEC Business Services and US LEC will operate under the name US LEC of South Carolina LLC d/b/a PAETEC Business Services. It is important to note that, other than the change in corporate form and the benefits that will accrue therefrom, in all other respects, the Parties will remain unaffected by the conversion to limited liability companies. Indeed, McLeodUSA and US LEC will even retain their respective federal tax identification numbers and their own certifications.

In addition to the changes in corporate form, the company will undertake a *pro forma* corporate reorganization. Currently, McLeodUSA is held by PAETEC Holding through the McLeodUSA Inc. and McLeodUSA Holdings, Inc. subsidiaries. US LEC is held by PAETEC Holding through the US LEC Corp. subsidiary. A diagram of the pre-reorganization structure of the company showing those entities are attached as Exhibit A. The companies intend to execute a *pro forma* corporate reorganization whereby McLeodUSA and US LEC will become indirect wholly-owned subsidiaries of PAETEC Holding under the PAETEC Corp. and PAETEC Communications, Inc. subsidiaries, rather than through their current intervening parent companies. US LEC will be moved under PAETEC Communications, Inc. by way of the contribution of US LEC Corp.'s stock to PAETEC Communications, Inc. McLeodUSA Inc. will be collapsed into PAETEC Holding Corp., and McLeodUSA Holdings, Inc.'s stock will be contributed to PAETEC Communications, Inc. PAETEC Communications, Inc. is authorized to operate as a reseller of intrastate long distance telecommunications services and competitive local exchange carrier in Tennessee pursuant to authorization issued in Docket No. 98-404-C. There will be no changes whatsoever in the corporate form, name, or manner in which PAETEC Communications, Inc. is held or operated. A diagram of the post-reorganization structure of the company is attached as Exhibit B.

The *pro forma* reorganization will not result in a transfer of control of McLeodUSA or US LEC because the ultimate parent of those companies, *i.e.*, PAETEC Holding, will remain the same. Furthermore, the day-to-day operations of the company will continue to be managed by the same personnel, and the transaction will not affect the Parties' current rates or services. The transaction will enhance the overall operational efficiency and competitive position of the company because it expects to gain significant tax benefits as a result of the *pro forma* reorganization, which will ultimately inure to the benefit of the companies' subscribers.

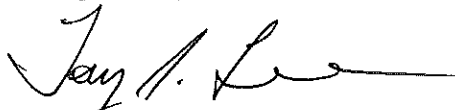
Charles Terreni
November 30, 2009
Page 3

Consequently, the transaction is consistent with the public interest, and will promote competition among telecommunications carriers in the state.

The Parties expect that the transaction will occur by the end of the year, and will be effective as of December 31, 2009.

An original and one (1) copy of this informational notification letter are enclosed. Kindly date-stamp the extra copy of this filing, and return it to us in the enclosed self-addressed stamped envelope. Should you have any questions with respect to this matter, please do not hesitate to contact the undersigned at (202) 344-8065.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Tony S. Lee", with a long horizontal flourish extending to the right.

Tony S. Lee
Mikhia E. Hawkins

Counsel for McLeodUSA Telecommunications
Services, Inc. and US LEC of South Carolina, Inc.

EXHIBIT A: Pre-Transaction Corporation Structure

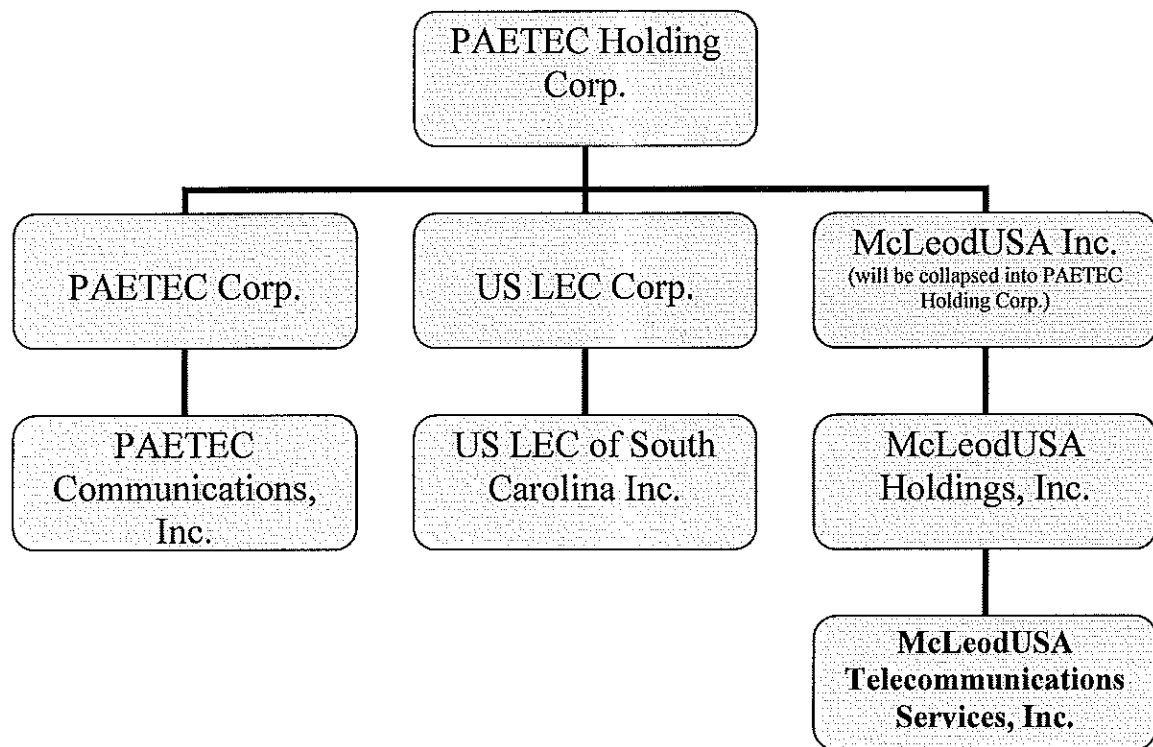


EXHIBIT B: Post-Transaction Corporation Structure

